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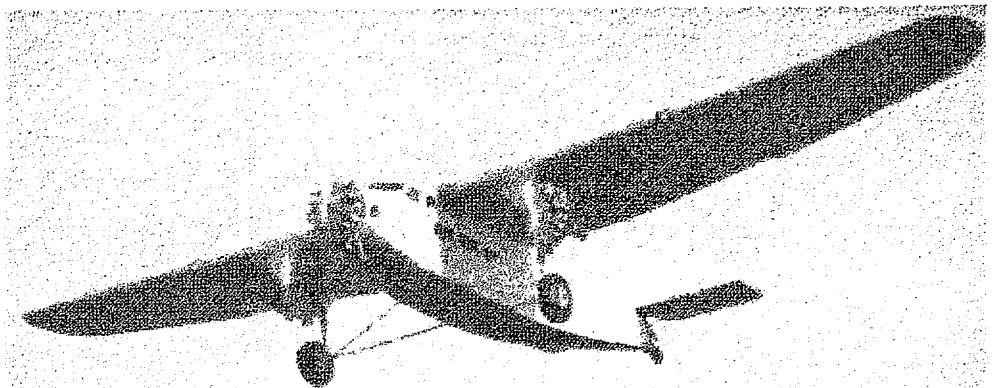

WINSLOW-LINDBERGH REGIONAL AIRPORT

Winslow, Arizona

AIRPORT MASTER PLAN - 1998
FINANCIAL ANALYSIS / ECONOMIC DEVELOPMENT

INTRODUCTION

This Financial Analysis section contains two parts, the Capital Improvement Program and the Financial Program. The Capital Improvement Plan is based upon the Airport Facility Requirements discussed in Section 4 and the Airport Layout Plans as discussed and presented in Section 8.

CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program consists of (1) three terms of development: Immediate Term, 1998-2000; Short Term, 2001-2005; Ultimate Term, 2006-2018, and (2) cost estimates of improvements proposed in the Master Plan Study. The Immediate Term projects are those which are required to correct deficiencies for reasons of safety or when a feature was found to be not able to fulfill its design function at the present levels of demand. The projects in the Short and Ultimate Terms are presented in a time period as to when demand may justify development. These projects should be reviewed and moved forward as the need arises. The cost estimates, while based on approximate quantity takeoffs and unit costs, are prepared in current dollars, and are to be used for planning purposes only.

Proposed Improvements

The proposed improvements are listed in Section 4, Airport Facility Requirements, pages 4-20 and 4-21. In addition to these improvements, pavement maintenance construction projects have been programmed to provide guidance for Pavement Management.

Cost Estimates and Funding Sources

Approximate costs in 1998 dollars for the proposed facility improvements are shown in the following four tables. The project costs are for planning purposes only. The total cost for each improvement is broken down into potential funding shares for eligible projects. The FAA share is 91.06%, the Arizona State share is 4.47% and the Local (City) share is 4.47%. Items that would not be eligible for FAA funds are indicated with an FAA match of zero (0) dollars. In these cases, if the project is eligible for ADOT-Aeronautics Division funds, the State match is 90%. In cases where the project is not eligible for FAA or ADOT-Aeronautics funds, it is assumed the City of Winslow will pay 100% of the development cost. For renovation of the T.A.T. Hangar, it is assumed an Historic Preservation Grant will be sought. These costs are presented in the fourth table.

CAPITAL IMPROVEMENT PROGRAM - 1997-2018
Funding Sources: FAA, ADOT, & Sponsor

IMMEDIATE TERM 1998-2000

	Estimated Cost and Funding Source			
	Total	FAA	State	Local
1 Remove or mark obstructions to Rwy 11-29 airspace	$80,000	$72,848	$3,576	$3,576
2. Remove or mark obstructions to Rwy 4- 22 airspace	$72,000	$65,564	$3,218	$3,218
3. Install taxiway signage to restrict use of Rwy 11-29	$2,000	$1,822	$89	$89
4. Reconstruct connector taxiways adjacent to terminal area apron	$110,000	$100,166	$4,917	$4,917
5. Reconstruct terminal area apron pavements & remove part of ex. Apron	$202,000	$183,942	$9,029	$9,029
6. Construct new G.A. aircraft parking apron	141,000	128,394	6,303	6,303
7. Designate hangar development area	0	0	0	0
8. Mark temporary helicopter TLOF	$3,000	$2,732	$134	$134
Subtotal	610,000	555,468	27,266	27,266
9. Engineering & Construction Services (18% of Subtotal)	109,800	99,984	4,908	4,908
TOTAL	**719,800**	**655,452**	**32,174**	**32,174**

CAPITAL IMPROVEMENT PROGRAM - 1997-2018
Funding Sources: FAA, ADOT, & Sponsor

SHORT TERM 2001-2005

	Estimated Cost and Funding Source			
	Total	FAA	State	Local
1. Rehabilitate south G.A. apron	616,000	560,930	27,535	27,535
2. Install M.I.T.L. on taxiway parallel to Rwy 11-29	202,000	183,942	9,029	9,029
3. Install M.I.T.L. on taxiway parallel to Rwy 4-22	196,000	178,478	8,761	8,761
4, Install P.A.P.I. on Rwy 4 approach end	40,000	36,424	1,788	1,788
5. Renovate T.A.T. hangar under Historic Pres. Grant	Refer to Historic Pres. Grant Table			
6. Develop new 1,750 s.f. G.A. Terminal Building	175,000	0	157,500	17,500
7. Designate site for potential Commuter Airline Terminal	0	0	0	0
8. Crack seal and Pavement Pres. - All pavements	266,000	242,220	11,890	11,890
9. Develop taxilanes and road for hangars	179,000	0	161,100	17,900
10. Construct 12 hangars	216,000	0	0	216,000
Subtotal	1,890,000	1,201,994	377,603	310,403
11. Engineering & Construction Services (18% of Subtotal)	340,200	216,359	67,969	55,872
TOTAL	**2,230,200**	**1,418,353**	**445,572**	**366,275**

CAPITAL IMPROVEMENT PROGRAM - 1997-2018

Funding Sources: FAA, ADOT, & Sponsor

ULTIMATE TERM - 2006 -2018

	Estimated Cost and Funding Source			
	Total	FAA	State	Local)
1. Extend Runway 11-29 2,100 ft. x 150 ft.	957,000	871,444	42,778	42,778
2. Strengthen Rwy 11-29 to serve 60,000 pound SWG, ARC C-III	513,000	467,138	22,931	22,931
3. Provide instrument approach for Rwy 11 using D.G.P.S.	Unknown	Unknown	Unkwn	Unkwn
4. Mark Rwy 11 pavement for Precision Approach	20,000	18,212	894	894
5. Relocate Industrial Park Road (6,500 l.f.)	358,000	-	322,200	35,800
6. Strengthen Rwy 4-22 to serve 135,000 pound ARC C-III	788,000	717,552	35,224	35,224
7. Mark Rwy 4-22 pavement for Nonprecision Approach	15,000	13,658	671	671
8. Widen parallel taxiways from 40 ft. to 50 ft.	365,000	332,368	16,316	16,316
9. Extend Taxiway parallel to Rwy 11-29 (2,100 ft. x 50 ft.)	562,000	511,758	25,121	25,121
10. Replace Rwy 11, 29 and 22 VASI's with PAPIs	40,000	36,424	1788	1,788
11. Install MALSR on new Rwy 11 approach and extend MIRL	262,000	238,578	11,711	11,711
12. Replace or renovate REIL on Rwy 22	10,000	9,106	447	447
13. Construct 3,400 s.f. commuter airline terminal	340,000	0	306,000	34,000
14. Expand auto parking for 46 cars	9,000	0	8,100	900

	Estimated Cost and Funding Source			
	Total	FAA	State	Local)
15. Construct lighted, paved heliport	43,000	39,156	1,922	1,922
16. Acquire 117.5 acres in fee and 38.6 acres in easement for Rwy 11-29 extension	373,000	339,654	16,673	16,673
17. Acquire 26 acre easement for Rwy 29 threshold	13,000	11,838	581	581
18. Crack seal and seal coat all pavements	335,000	305,050	14,975	14,975
19. Construct 12 hangars	216,000	0	0	216,000
Subtotal	5,219,000	3,911,936	828,332	478,732
21. Engineering & Construction Services (18% Subtotal)	939,420	704,148	149,100	86,172
22. Environmental Assessment	$80,000	$72,848	$3,576	$3,576
TOTAL	**6,238,420**	**4,688,932**	**981,008**	**568,480**

CAPITAL IMPROVEMENT PROGRAM - 1997-2018
with ISTEA and AZ Heritage Fund Grant Participation

SHORT TERM 2001-2005

Element	Total Cost	AZ Heritage Fund 60/40 Grant	ISTEA 80/20 Grant	Local Funding
Renovation of T.A.T. Hangar	$172,500	$20,700	$138,000	$13,800
Engineering & Architectural and Administrative Costs (20%)	$34,500	$4,140	$27,600	$2,760
TOTAL DEVELOPMENT COSTS	**$207,000**	**$24,840**	**$165,600**	**$16,560**

FINANCIAL PROGRAM

Benefits

The benefits provided by a general aviation airport to a community vary depending on many factors such as airport size, services and facilities offered, location, type and amount of air traffic and role within the overall airport system. Yet having an airport is no guarantee to its owner that it will generate positive economic impacts. General Aviation airports can become a burden when they require subsidies to operate. On the other hand, General Aviation airports that have political support for economic growth and business opportunities and which are supported by a strong local economy can contribute significantly to the economic well-being of a community.

General Aviation is the single largest segment of air transportation in the United States. General Aviation includes business, recreational and personal transportation, medical evacuation, law enforcement, firefighting, mail and express deliveries, agricultural flying, and others. Oftentimes, the success of a General Aviation airport is a matter of finding specific roles or niches within the community and in the overall airport system. Once these specific markets are identified they must be aggressively pursued.

Economically, the benefits of a General Aviation airport to a community are difficult to assess. General Aviation airports create jobs directly at the airport and indirectly within the community. They generate consumer spending and sales and personal property taxes. Growth of the airport will lead to more money being spent in the community.

Financing Airport Development

The key to successful development of the airport is a sound financial program. This program must provide a feasible economic operation, provide for development of facilities which meet demand, and provide for a self-sustaining operation within a reasonable amount of time. Revenues must help offset the annual cost of capital investment, maintenance and operations.

Airport revenues do not have to cover all annual costs as long as supplementary funds for airport development can be obtained. There are several sources of financing available for airport improvements. These include the Federal Aviation Administration's (FAA) Airport Improvement Program (AIP), the Arizona Department of Transportation-Aeronautics Division, revenue bonds, general obligation bonds, private investment, leasebacks, and taxes.

FAA funds are available for a number of types of projects, including planning, Environmental Assessment, land acquisition, and design and construction of most airside improvements. Airports are eligible for assistance if they are included in the National Plan of Integrated Airport Systems (the "NPIAS"). The Winslow-Lindbergh Regional Airport is listed on the NPIAS. The FAA's percentage share for projects in Arizona is 91.06%.

The Arizona Department of Transportation-Aeronautics Division has two programs available to the airport sponsor: the grant program and the loan program. Under the grant program ADOT-Aeronautics Division provides a grant on a 90% ADOT/10% Sponsor basis to a Primary Airport such as Winslow-Lindbergh Regional Airport, when there is no FAA participation. With an FAA grant, the State provides a 4.47% match. ADOT-Aeronautics Division grants can be obtained for planning, Environmental Assessment, land acquisition, safety and capacity enhancement, maintenance, and most landside and airside improvements.

The ADOT loan program is available to provide funds for those proposed projects which are not eligible for an ADOT grant. Three kinds of loans are available: Revenue Generating, Grant Matching, and Grant Advance. ADOT prioritizes the relative importance of project categories as: (1) hangars; (2) terminals; (3) fuel farms; (4) utility improvements; (5) office/hangar complex; (6) auto parking (revenue generating); (7) restaurant; (8) hotel; (9) recreational improvements.

Revenue bonds are sold with repayment based on income from anticipated revenues. Use of this type of financing is dependent on the ability to generate the necessary revenue. Airport revenue must first be put toward bond retirement. Meanwhile, the sponsor's borrowing capability may be inhibited while the debt is outstanding. This type of funding is typically used by large airports to fund revenue-producing projects such as air carrier runways, industrial parks and terminal buildings.

General obligation bonds are supported by the taxing power of the community. Proceeds from the sale of these bonds are used to finance public use facilities such as terminal buildings, auto parking lots, runways and taxiways. These funds cannot be used to fund exclusive use facilities such as hangars, FBO facilities, taxilanes and private aprons.

Private donations are sometimes given to the Airport sponsor. These funds should be deposited in the Airport Fund.

Leasing strategies may be available to the airport owner to develop needed facilities. A non-profit corporation could lease parts of the airport and construct improvements. Then, the corporation can lease the facilities back to the airport owner at a rate and for a duration calculated to recoup the initial investment plus interest. Although the airport owner would have a monthly payment at a relatively high interest rate, there would be no single large capital expense.

Certificates of Participation involve a lease purchase or an installment sale arrangement. This form of leasing can be used to finance facilities or equipment over a long period. Funds for lease payments are raised on an annual appropriation basis; non-payment may result in the return of the asset or other equitable solution.

Municipal Lease Purchase Financing is a useful tax-exempt lease-purchase method for financing equipment or facilities. Under a tax-exempt lease contract the governmental body (airport sponsor) would pay the purchase price plus interest over a determined number of years, and it would have the right to purchase the asset for a nominal price at the end of the contract term. Nonpayment could result in the return of the asset or in another equitable solution.

A local sales tax may be levied directly to finance an airport or indirectly to finance Capital Improvement Projects (including an airport). A tax can generate large amounts of capital to finance projects ineligible for other sources of funds.

An airport sponsor should maintain an Airport Fund supported by revenues generated by the airport. Maintenance of the fund and reinvestment of airport-generated revenue into airport improvements is a mandatory expectation of the agencies that provide grant money for development (e.g., FAA). In addition to the Airport Fund, sponsors may appropriate public funds for airport expenditures from the General Fund. However, this form of financing airport improvements could place constraints on money available from the General Fund to support other municipal expenses.

Financial Program Objectives

Currently the City of Winslow subsidizes Winslow-Lindbergh Regional Airport. This trend would be expected to continue unless the City of Winslow embarks on an aggressive campaign of attracting and keeping revenue-producing markets at the airport and the revenue generated from these markets is sufficient to offset airport expenditures. Since the main goal of the City of Winslow is to eliminate subsidies to the airport, the financial program presented in this section is based on the assumption that the City will adopt an aggressive posture in developing the airport and in maintaining a consistent pricing structure and that the economic climate will support airport growth.

The disadvantage of maintaining the status quo is obvious-- an ultimate balance of expenditures and revenue may never be achieved. The danger of pursuing the aggressive growth scenario is the overbuilding of infrastructure without the revenue generated to pay for it. The potential reward of a successful planned growth effort is a balanced airport budget.

Airport Revenue and Expenditures

The City of Winslow does maintain an "Airport Fund" for Winslow-Lindbergh Regional Airport. The City has also maintained records of annual revenue and expenditures for the last five years. These records are summarized and displayed in the following tables.

Table 7a: **WINSLOW-LINDBERGH REGIONAL AIRPORT AIRPORT FUND REVENUES 1992-1997**

Title	FY 92/93	FY 93/94	FY 94/95	FY 95/96	FY 96/97
Rents, Bldgs/Structures	14,883.76	22,986.69	21,976.00	18,419.99	18,135.84
Rents, Land	2,964.91	3,418.92	1,758.77	1,802.50	-
Interest Income	2,315.04	2,191.44	582.27	540.29	509.45
Landing Fees	-	2,925.04	2,302.42	6,156.44	5,314.01
Hangar Rents	2,345.00	2,045.00	2,123.00	2,643.00	2,180.00
Tie Down Fees	2,154.00	2,151.00	2,646.00	2,828.82	1,224.00
AV Gas 100/130	164,874.55	225,998.08	185,707.38	392,859.29	111,566.76
AV Gas Jet	49,101.51	72,354.95	89,734.18	115,796.59	43,719.03
Jet A Gov't Sales	84,593.90	92,646.70	54,782.82	19,804.05	12,194.79
AV Oil	789.22	1,751.28	758.32	1,490.48	1,214.00
Other Sales	471.02	932.53	1,919.58	3,053.21	322.00
Concessions	697.39	1,217.58	665.17	38.04	-
Fin. Charge, Late Payments	-	56.65	-	-	-
After Hours Service Chg.	206.00	235.00	1,385.00	2,314.10	1,615.00
LTAF Revenue	75,964.68	-	n/a	n/a	n/a
State Sales Tax	2,943.52	4,191.38	4,498.40	4,962.82	1,790.29
State Grants	0.50	9,877.50	-0.29	0	318,412.83
Federal Excise Tax	947.76	1,275.64	1,053.70	742.02	-
Cash Over/Short	544.59	-	0.30	-5.11	-
Insurance Claims Proceeds	n/a	n/a	n/a	11,521.94	4,145.96
Transfer from LTAF Fund	-	74,700.73	77,035.90	77,700.94	74,895.51
Total Revenues	**415,797.35**	**520,956.11**	**448,928.92**	**668,669.41**	**597,239.47**

Table 7b: **WINSLOW-LINDBERGH REGIONAL AIRPORT AIRPORT FUND EXPENDITURES 1992-1997**

Title	FY 92/93	FY 93/94	FY 94/95	FY 95/96	FY 96/97
ADMINISTRATION	-	-	-	-	-
Salaries & Benefits	90,212.85	105,758.93	117,414.20	97,264.37	95,228.66
Advertising	462.86	132.29	-	-	1,776.75
Prof. Services	-	1,848.00	-	-	7,403.71
Utilities	19,131.48	18,858.12	15,254.21	13,615.22	14,959.45
Vehicle/Equipment Maint & Leases	11,798.78	1,297.17	639.62	50.82	6,273.54
Building & Structures	3,498.34	2,967.47	5,117.73	2,977.83	5,325.57
Communications Equipment	-	615.60	613.58	557.04	609.84
Runway Maintenance	-	426.00	N/a	n/a	n/a
Training, Travel, Per Diem, Dues	175.87	464.08	400.52	95.00	865.48
Other Non. Prof. Services	1,623.50	-	-	-	-
Inmate Labor	-	1,390.00	-	-	344.83
Gen. Liability	13,500.00	12,116.28	22,314.85	12,407.66	20,681.78
AZ State Sales Tax	3,249.48	-	n/a	n/a	n/a
Federal Excise Tax	942.58	-	n/a	n/a	n/a
Depreciation Expense	42,279.00	46,980.00	31,134.00	122,847.00	-
Credit Card Serv. Fee	-847.66	-1,787.59	-1,614.18	-	-
Supplies & Postage	7,664.63	2,352.31	2,051.53	1,841.18	3,679.89
AV Gas 100/130	96,452.67	*	*	*	*
AV Gas Jet	67,838.93	*	*	*	*
Aviation Oil	562.99	*	*	*	*
Fuel & Oil	11,452.14	319.33	237.93	790.54	668.40
Uniforms/ Related Items	1,133.65	1,102.96	1,257.94	797.68	798.17

Title	FY 92/93	FY 93/94	FY 94/95	FY 95/96	FY 96/97
Merchandise for Resale	1,433.65	-	n/a	n/a	n/a
Vehicles	1,513.87	11,827.66	-	n/a	n/a
Office Equipment	n/a	-	532.48	-	745.49
Computer Equipment	-	2,769.26	-	n/a	n/a
Safety Equipment	n/a	-	-	-	591.37
Café Equipment	n/a	n/a	1,500.00	N/a	n/a
General Fund	n/a	15,380.75	15,380.75	18,000.00	22,194.00
Chngs. from HURF	-	n/a	n/a	n/a	1,329.51
Chgs. from Fleet Maint.	-	1,440.34	946.01	144.06	5,241.06
ADMINISTRATION SUBTOTAL	373,879.61	226,258.98	213,179.17	271,388.40	188,717.50
Ground Maint.					
Other Non-Prof. Services	-	-	340.20	-	-
Inmate Labor	n/a	-	843.00	148.14	-
Maintenance Supplies	-	11,878.81	2,165.58	755.53	-
Fuel & Oil	-	314.32	308.35	129.87	152.80
GROUND MAINTENANCE SUBTOTAL	0.00	12,193.13	3,657.13	1,033.54	152.80
Resale Program					
Advertising	-	1,626.50	1,682.30	1,996.74	-
Vehicle Contract Maint.	38.52	-	-	-	
Equipment Contract Maint.	N/a	-	11,438.78	2,348.00	-
Bldg. & Struct. Contract Maint.	n/a	-	415.00	-	-
AZ State Sales Tax	-	3,547.75	4,385.25	4,359.68	2,113.20
Federal Excise Tax	-	2,195.83	1,059.39	664.86	5,453.98
Credit Card Serv. Fee	-	-	665.65	1,232.61	-

Title	FY 92/93	FY 93/94	FY 94/95	FY 95/96	FY 96/97
ADEQ Fees	n/a	-	600.00	600.00	600.00
Office Supplies	24.40	486.18	426.39	1,149.06	N/a
Maint. Supplies	-	28.40	-	20.97	N/a
AV Gas 100/130	**	141,368.85	141,315.82	282,398.81	122,248.43
AV Gas Jet	**	126,430.45	73,106.20	70,230.84	-
Aviation Oil	**	1,515.53	897.80	1,295.98	642.67
Fuel & Oil	-	598.87	771.15	337.91	62.02
Small Tools/ Minor Equip.	n/a	-	2,199.26	2,447.07	2,124.63
Merchandise for Resale	-	801.16	1,295.98	456.64	316.94
Vehicles	n/a	-	3,063.88	2,317.88	13,142.40
Fuel Farm Impvmnts.	n/a	-	-	-	-
Chrgs fm Fleet Maint.	-	1,818.15	481.38	1,164.36	-
RESALE PROGRAM TOTAL	62.92	280,417.67	243,804.23	373,021.41	146,704.27
Airport Improvements					
Runway Imprvmts.	22,720.00	-	-15,770.54	29,700.00	-
Apron Improvements	n/a	-	-	-	401,713.35
Fuel Farm Improvements	n/a	n/a	n./a	n/a	-
AIRPORT IMPROVEMENTS SUBTOTAL	22,720.00	-	-15,770.54	29,700.00	401,713.35
TOTAL EXPENDITURES	**396,662.53**	**518,869,78**	**444,869.99**	**675,143.35**	**737,287.92**

FINANCIAL ANALYSIS

The preceding text described the expected developments costs associated with the implementation of the twenty year Capital Improvement Program and also provided records of actual revenue and expenditures at the Airport for the last five years. Using this data and certain assumptions, airport expenditures and revenue can be estimated over the next 20 years.

Projected Expenditures

Table 7b of Airport Fund Expenditures displayed on the preceding pages has a variety of separate line items. The use of specific line items in keeping track of expenses is useful; however, the great number of individual line items is too cumbersome for the purpose of this financial analysis. Therefore, airport expenditures will be broken down for this analysis into major categories. Trends indicated by Table 7b will be noted and utilized as appropriate.

For the purposes of this analysis, airport expenditures have been broken down into Administration, Ground Maintenance, Resale Program and Airport Improvements.

Administration includes all of the items indicated in the Airport Fund Expenditures Table. Among the major expenditures in this category are employee salaries and benefits, utilities, liability insurance, depreciation expense, and vehicles and vehicle maintenance. The table shows the following trends.

Salaries and benefits have decreased in the last two years from a five-year peak in 1994-95. This is most likely due to reduction in staff. For the purpose of this study, we assume a further reduction of $40,000 for staff in 1998 from the 1997 value. This assumption reflects input provided at P.A.C. Meeting No. 4 that the new fueling system will not need an attendant. A 2% increase in salaries and benefits is added for each year of the 20-year period.

Utility costs have seen a reduction from 1992 to 1997, but a 10% increase from 1995-96 to 1996-97. We will use 1996-97 value as the baseline, then add 5% for 1998. For each year period we will increase the utility cost by 2%. This value will be assumed to cover the cost of additional lighting systems programmed over the 20-year period and also the increase in utility rates.

Liability expenses have been inconsistent, with an overall five-year increase of 53% from 1992-1997; but three out of five years had a liability cost of $13,500 or less. For this analysis, we utilized the 1997 value of $20,682 as the baseline, maintained this value for 1998, but increased it 1% per year.

Depreciation expenses have varied over the five year period from $31,134 in 1994-95 to $122,847 in 1995-96, and no cost in 1996-97. For this study we will average all four cost values given over a five-year period and apply this value for every year in the planning period.

Vehicles and Vehicle Maintenance expenses are the combination of two line items "Vehicle/Equipment Maintenance and Leases" and "Vehicles". These costs have varied over the five year period. For this study we will average the seven costs given over a five year period and use this average value for 1998. Then 2% is added for each year. However, a lump sum value of $20,000 is added in 2008 for purchase of vehicles.

The category "other" includes all other "administration' expenditures not covered by the specific categories above. A five year average was determined and utilized for the 1998 value. Then 1% was added for each year.

Table 7C summarizes the estimated Administration Costs in five-year increments over the 20-year planning period.

Table 7c **PROJECTED ADMINISTRATION COSTS 1998 THROUGH 2018**

	1998	2003	2008	2013	2018
Salaries & Benefits	55,229	60,752	66,827	73,510	80,861
Utilities	15,707	17,278	19,006	20,907	22,997
Liability Insurance	20,682	21,716	22,802	23,942	25,139
Depreciation Expense	48,648	48,648	48,648	48,648	48,648
Vehicles & Vehicle Maintenance	6,680	7,348	28,083	8,891	9,780
Other	32,754	34,392	36,111	37,917	39,812
TOTAL	**179,700**	**190,134**	**221,477**	**213,815**	**227,237**

Ground Maintenance includes all of the items indicated in the Airport Fund Expenditures Table. For the purposes of this study, the total Ground Maintenance costs over the past five years were averaged. A 2% increase was applied to the average for the 1998 value and 1% was added for each year. Table 7d summarizes the estimated Ground Maintenance expenses in five year increments over the 20-year planning period.

Table 7d **PROJECTED GROUND MAINTENANCE COSTS 1998 THROUGH 2018**

	1998	2003	2008	2013	2018
Ground Maintenance Costs	3,476	3,650	3,832	4,024	4,225
TOTAL	**3,476**	**3,650**	**3,832**	**4,024**	**4,225**

Resale program includes all of the items indicated in the Airport Fund Expenditures Table. This category includes a broad assortment of line items. The two largest items are "AV Gas 100/130" and "AV Gas-Jet". These items will be considered separately. All other items will be combined into an item called "Other". (*Note* that both Aviation Gas line items had costs associated with them in 1992-93 under "Administration", not "Resale Program".) The cost of purchasing AV Gas 100/130 was reasonably consistent for four out of five years. Fiscal year 1995-96 had a cost of $282,399 which was double any other given year. For this analysis, we will not use this value. We will average the other four values and increase the average 5% for 1998. Then, we add 4% for every year. AV Gas-Jet costs were reasonably consistent for three years, excluding 1993-94, and there was no value provided for 1996-97. An average of 1992-93, 1994-96 was taken and 5% added to estimate a 1998 value. Then 2% was added for each year. To estimate the value of the "other" line item, a three-year average of 1994-97 was used for the 1998 value. (These were the most consistent values.) Then 1% was added to each year.

Table 7e summarizes the estimated Resale Program Costs in five year increments over the 20-year planning period.

Table 7e **PROJECTED RESALE PROGRAM COSTS 1998 THROUGH 2018**

	1998	2003	2008	2013	2018
AV Gas 100/130	141,727	170,072	204,087	244,904	293,885
AV Gas-Jet	73,912	81,303	89,434	98,377	108,215
Other	24,743	25,980	27,279	28,643	30,075
TOTAL	**240,382**	**277,355**	**320,800**	**371,924**	**432,175**

The values for "Airport Improvements" in the Airport Fund Expenditure Table are not utilized in this analysis. Instead the estimated costs of the 20-year development program from the preceding pages are utilized. These are averaged costs to the City of Winslow within each period. For example, the Immediate Term costs are averaged over three years, the Short-Term over five years, and the Ultimate Term over 12 years. An average value was utilized for each target year as shown in Table 7f.

Table 7f **PROJECTED AIRPORT IMPROVEMENT COSTS 1998 THROUGH 2018**

Term	Year Applied	Amount Applied
Immediate	1998	$719,800/3 or $239,933
Short-Term	2003	$2,230,200/5 or $446,040
Ultimate Term	2008	$6,238,420/12 or $519,868
Ultimate Term	2013	$6,238,420/12 or $519,868
Ultimate Term	2018	$6,238,420/12 or $519,868

Table 7g summarizes estimated expenditures for each target year. *Note* that expenditures are not cumulative for 1999-2002, 2004-2007, 2009-2012, and 2014-2018.

Table 7g **PROJECTED EXPENDITURES 1998 THROUGH 2018**

Year	Admin.	Ground Maint.	Resale Program	Improvements	Total
1998	179,700	3,476	240,382	239,933	663,491
2003	190,134	3,650	277,355	446,040	917,179
2008	221,477	3,832	320,800	519,868	1,065,977
2013	235,815	4,024	371,924	519,868	1,109,631
2018	251,437	4,225	432,175	519,868	1,183,505

Projected Airport Revenue

Table 7a illustrates the current sources of revenue for Winslow-Lindbergh Regional Airport. A goal of the City of Winslow is to produce enough airport revenue to balance or exceed airport expenditures and to eliminate any use of the City's General Fund for airport expenses. In this section, certain assumptions are made about current revenue sources and new revenue sources. The assumptions made aboout new revenue sources generally reflect an aggressive campaign of airport development and pricing structure. Some current sources shown in Table 7a are not used since they are minor sources or were one-time-only sources. These are: "Finance Charge, Late Payments", "LTAF Revenue", "Cash Over/Short", "Insurance Claims Proceeds", and "Proceeds from Land Sale". All other line items were utilized and the following assumptions made.

1. For "Rents, Buildings/Structures" use the 1997 value for 1998 and add 1% every year.

2. For "Rents, Land", there is no value for 1997. Assume land leases in the airport industrial park and other airport property will be a source of potential revenue in the future. There is a large amount of land available for commercial, industrial, and airport-industrial development. In this analysis, it was assumed 200 acres would be leased by the year 2018 at $600 per acre per year ($50/acre/month). This total amount is prorated over the 20-year period, beginning in 2003.

3. For "Interest Income" a value of $500 was used for 1998. An assumed increase of 5% a year has been applied.

4. For "Landing Fees", the 1996-97 value was used for 1998. Since landing fees are directly proportional to the number of operations, the high range of the forecast is applied to this category. An average aircraft weight of 10,000 pounds is applied for computations. For 2003, a fee of $0.30 per 1,000 pounds is applied; for 2008 and 2013, $0.50 per 1,000 pounds; and for 2018, $0.70 per 1,000 pounds.

5. For "Hangar Rents", the 1996-97 value was used for 1998. By 2003, it is assumed three hangars are built and rented at $125 per month. By 2008 it is assumed another 9 hangars are built and rented for $150 per month. By 2013 it is assumed another 6 hangars are built and rented for $200 per month. By 2017, another 6 hangars at $200 per month.

6. For "Tie Down Fees", a five year average was used for 1998 and a 5% increase was applied every year.

7. For "AV Gas 100/130", "AV Gas-Jet", the revenue values from Table 7a were not utilized. Since the City expects to return a modest profit on fuel sales, revenue for fuel was estimated as a function of expenditures. A profit of 5% above the cost of fuel was assumed in order to calculate fuel revenue. The

category "Jet A Gov't Sales" was dropped as a specific revenue source and is assumed to be included in the "AV Gas Jet Sales."

8. For "AV Oil", "Other Sales", "Concessions", "After Hours Service", "State Sales Tax", a five year average was used as the 1998 value and a 5% increase every year was applied. The category "Federal Excise Tax" was dropped based on P.A.C. input.

9. "State Grants" and "Federal Grants" were taken from the Capital Improvement Program tables. Note that these are averaged in a similar manner as the airport improvement cost expenditures.

10. The "Transfer from LTAF fund" was averaged over four years and the average value applied to 1998. It was assumed this fund transfer was not available after 1998.

Table 7h illustrates the results of the previously-described assumptions. *Note* that revenue is not cumulative for 1999-2002, 2004-2007, 2009-2012 and 2014-2017.

Table 7h **PROJECTED AIRPORT REVENUE SOURCES 1998 THROUGH 2018**

Title	1998	2003	2008	2013	2018
Rents, Bldgs/Structures	18,136	19,043	19,995	20,995	22,045
Rents, Land	0	30,000	60,000	90,000	120,000
Interest Income	500	625	781	977	1,221
Landing Fees	5,314	39,984	76,282	87,310	139,909
Hangar Rents	2,180	6,680	22,880	37,280	51,680
Tie Down Fees	2,200	2,750	3,438	4,297	5,371
AV Gas 100/130	148,813	178,576	214,291	257,149	308,579
AV Gas Jet	77,608	85,368	93,906	103,296	113,626
Jet A Gov't Sales	-	-	-	-	-
AV Oil	1,200	1,500	1,875	2,344	2,930
Other Sales	1,340	1,675	2,094	2,617	3,271
Concessions	655	819	1,023	1,279	1,599
After Hrs Service Chg.	1,551	1,939	2,423	3,029	3,787
State Sales Tax	3,677	4,596	5,745	7,182	8,971
State Grants	10,725	70,636	67,921	67,921	67,921
Federal Excise Tax	-	-	-	-	-
Federal Grants	218,484	283,670	410,086	410,086	410,086
Transfer from LTAF Fund	76,083	0	0	0	0
Total Revenues	**568,466**	**727,861**	**982,740**	**1,095,762**	**1,260,996**

Comparison of Expenditures versus Revenues

Having determined the approximate annual costs in five-year increments associated with the recommended development and airport operations, a comparison of overall airport expenditures and revenues was developed in order to assess the City of Winslow's capability to implement the program.

The results of the analysis are presented in Table 7i. The table indicates that within the 20-year period, the City of Winslow can achieve a positive cash flow at the airport based on the assumptions made in this section.

Table 7i

FORECAST AIRPORT EXPENDITURES VERSUS REVENUE 1998 THROUGH 2018

	1998	2003	2008	2013	2018
Projected Annual Expenditures	663,491	917,179	1,065,977	1,109,631	1,183,505
Projected Annual Revenues	568,466	727,881	982,740	1,095,762	1,260,996
Balance	-$95,025	-$189,318	-$83,237	-$13,869	+$77,491